

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3725 - HB 3813

March 4, 2012

SUMMARY OF BILL: Requires local education agencies (LEAs), placed in Corrective Action status due to failure to meet adequate yearly progress goals for four years, to extend their school term by 10 instructional days. If the LEA is subsequently placed in Restructuring 2 status due to failure to meet adequate yearly progress goals for six years, the LEA must extend its school term by an additional 10 days. Changes Tenn. Code Ann. §§ 49-6-3003(b)(1) and 49-6-7002(b) relating to tuition and fees charged to students residing outside the LEA and parent-teacher conferences respectively, to align these activities with a longer instructional year resulting from Corrective Action or Restructuring 2 status.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Other Fiscal Impact – One LEA is in Restructuring I status. The increase to this system in FY12-13 is estimated to exceed \$20,071,200 for as long as the school remains in a corrective action status pursuant to federal and state statutes. Other systems may enter Corrective Action status next year; however, this determination has not yet been made. Such determination will increase local expenditures for these systems, and though the exact amount is not quantifiable it is estimated to exceed \$1,000,000.*

Assumptions:

- The school term will be extended by 10 or 20 days depending on the LEA's status.
- Restructuring I is the status beyond Corrective Action. According to the Department of Education, only one school system is currently in Restructuring I status and will be impacted in the FY12-13 school year. Teachers and other school personnel on contracts governed by the number of student days will be paid an additional five percent (10 days) or ten percent (20 days) of their contract amount (based on a 200 day contract). Additional expenditures for utilities, transportation, school nutrition, and other general purpose items will also be incurred.
- The LEA in Restructuring I status will extend its instructional year 10 days in FY12-13. DOE estimates that salaries and benefits for this system are \$401,423,378. A five percent increase (10 days) in salaries and benefits will be \$20,071,169.
- The total increase in local expenditures will exceed \$20,071,169 for operations related to the increase in instructional days such as transportation, utilities, and other items.

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- Based on information received from DOE, there are two other LEAs that may enter Corrective Action status next school year. However, since test scores for the 2011-2012 academic year have not been finalized, it is unknown whether these LEAs will improve. If these LEAs enter into Corrective Action Status, these LEAS will also increase local expenditures to extend their instructional year. This increase in local expenditures is not quantifiable but is estimated to exceed \$1,000,000.
- No impact on the amount of federal funds received; however, federal funding will be reallocated to pay federally funded personnel an additional 10 days.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

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